



# CITY OF PORTLAND

## OFFICE OF MANAGEMENT AND FINANCE

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### MEMORANDUM

**DATE:** November 20, 2013

**TO:** Mayor Charlie Hales  
Commissioner Nick Fish  
Commissioner Amanda Fritz  
Commissioner Steve Novick  
Commissioner Dan Saltzman

**FROM:** Christine Moody, Chief Procurement Officer

**CC:** Jack Graham, Chief Administrative Officer  
Bryant Enge, Bureau of Internal Business Services Director

**SUBJECT:** Social Equity Contracting Strategy Update

July 19, 2012 City Council adopted a Social Equity Contracting Strategy to increase minority-owned, women-owned and emerging small business utilization in City contracting via Resolution 36944. The Strategy included a series of actions surrounding updates to the City's equity contracting programs in workforce, prime contracting, professional services and prequalification. These actions support the efforts of the Portland Plan to "Expand economic opportunities to support a socially and economically diverse population by prioritizing business growth, a robust and resilient regional economy, and broadly accessible household prosperity." In the past 15 months, Procurement Services has worked together with various individuals, firms and organizations from the community along with City bureau's to put into place programs, policies, rules and procedures for the City's contracting programs.

#### Workforce Training and Hiring Program

Administrative Rules and new specifications for the Workforce Training and Hiring Program were enacted in September 2012. The Workforce Program applies to prime construction contracts over \$200,000 and subcontracts over \$100,000, in which contractors must make reasonable efforts to employ a diverse workforce, register as a training agent, and allocate 20% of the labor hours per trade to state registered apprentices. The program was updated to provide for a 27% goal for minority and women apprentice and journey level workers on City construction projects. In addition, contractors are now given a

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*To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.*

post project "report card" which identifies workforce percentages and M/W/ESB subcontracting utilization.

#### Prime Contractor Development Program

The Prime Contractor Development Program (PCDP) gives exclusive access to construction contracts valued at \$5,000 - \$350,000 to M/W/ESB firms who are in the PCDP. Tier 1 bids projects \$5,000 up to \$150,000 and Tier 2 bids projects \$150,000 up to \$350,000. This Program is focused on increasing opportunities and furthering the business development of MBE and WBE contractors who want to compete as a prime contractor in the areas of sewer infrastructure, water infrastructure, street improvements and building construction and alteration. In September 2012, the initial call for applications for entry into the program was communicated in various community forums and through electronic marketing. The application process consisted of a committee review of applicants; Commercially Useful Function (CUF) review of places of business and a third party financial review; 32 businesses were accepted into the program. As part of the educational opportunities provided through this Program, Tier 2 contractors are required to participate in the City's Interise Street Wise "MBA" business development program. This nine month long course takes business owners through a certified curriculum that includes financial analysis, sales and marketing strategies, human resources, and how to access new capital. The first class of thirteen graduated October 10, 2013. In the first year, the City has bid over 20 projects into the PCDP with a total dollar value of over \$2.5M.

#### Professional, Technical and Expert Services

In January 2013 a new Professional, Technical, Expert Services (PTE) Manual was released. With the release of this new manual, significant changes were made to the contracting processes as they pertain to Minority, Women and Emerging Small Businesses (M/W/ESB). The formal solicitation dollar threshold was raised from \$23,662 to \$100,000 to allow for targeted contracting with certified M/W/ESB firms. With these changes, bureau's now have the ability to directly contract with certified M/W/ESB firms up to \$50,000. A new "Corporate Responsibility" RFP evaluation criterion was created to replace the "Diversity in Employment and Contracting Requirements" criteria. Corporate Responsibility includes a 20% point allocation for M/W/ESB certification at the prime and subconsultant level, workforce diversity, community involvement and sustainable business practices.

#### Prequalification

Last month the Administrative Rules for the Prequalification Program were finalized. This Program applies to construction projects in which contractors must be prequalified by the City in certain areas of work in order to submit a bid. Changes made to the Prequalification Program center on consistent evaluation and streamlining of the process by:

- Eliminated prequalification under \$250,000 thereby changing the need

- for prequalification from \$100,000 to \$250,000,
- Centrally administering the program in Procurement Services,
  - Establishing a Prequalification Board to review all applications,
  - Standardizing the evaluation criteria citywide,
  - Simplifying the application process (changed renewal from every year to every 2 years) and developing an on-line fillable application,

#### Project Manager and Procurement Training Program

The Project Manager and Procurement Training Program has taken on a new look for the 2013 – 2014 academic year. City employees will now be able to register for classes through City Learner which is an on-line registration tool that will manage the employee's training records. Through a partnership with the Bureau of Human Resources, project manager and procurement training will now be included as part of an employee's overall training record. A new feature this year are the equity courses which have been developed based on recommendations from the 2009 disparity study with the goal of providing more training and support to employees as they develop successful relationships with local M/W/ESB's. Some of the courses are "Mentoring and Relationship Development with Small Firms" and "Commercially Useful Function: How to Make DBE Contract Dollars Count", just to name a few. In addition, safety and skills-based training courses for small businesses, including those in the PCDP, are being implemented.

#### Minority Evaluator Program

In its fourth year, the Minority Evaluator Program (MEP) continues to engage diverse members of the community into the City procurement evaluation and contractor selection processes. The program currently has over 435 MEP's in the database and we have fulfilled over 345 requests for evaluation panel members over the four-year period. The partnership with the Alliance of Minority Chambers has continued to thrive because of their vast outreach experience and knowledge of various communities, businesses and organizations of color. There continues to be positive feedback from the multi-talented community members with whom we work.

As we continue to move the Strategy forward there will be periodic updates given to City Council while engaging the Fair Contracting Forum for feedback and further fine tuning of the City's procurement and contracting processes.

Agenda No.  
**REPORT**  
Title

Social Equity Contracting Strategy Update (Report)

<p>INTRODUCED BY Commissioner/Auditor: <b>Mayor Charlie Hales</b></p>	<p>CLERK USE: DATE FILED <u>NOV 15 2013</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales <i>3/11/13</i></p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p>LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p> <p>ACTION TAKEN: <b>NOV 20 2013 ACCEPTED</b></p>
<p>BUREAU APPROVAL</p> <p>Bureau: OMF/Bureau of Internal Business Services</p> <p>CAO: Jack D. Graham <i>[Signature]</i></p> <p>Bureau Head: Bryant M. Enge <i>[Signature]</i></p>	
<p>Prepared by: Christine Moody, CPO Date Prepared: 11/04/2013</p>	
<p>Financial Impact &amp; Public Involvement Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document</p> <p>If "Yes" requires City Policy paragraph stated in document.</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
<p>Council Meeting Date 11/20/2013</p>	
<p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter</p>	

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input checked="" type="checkbox"/></p> <p>Start time: <u>09:30</u> <i>1 of 3</i></p> <p>Total amount of time needed: <u>30 min</u> (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	<input checked="" type="checkbox"/>	
4. Novick	<input checked="" type="checkbox"/>	
Hales	<input checked="" type="checkbox"/>	